

2014 Small Business Council Strategic Plan Recommendations

Tuesday, August 19, 2014

9:30 a.m. – 12:30 p.m.

DGS Headquarters, Sacramento, CA

The meeting of the DGS Small Business Council was called to order at 9:43 a.m. by Co-Chair Jerry Bircher. The following Council Members were present or participated via telecon.

**Jerry Bircher, Express Office Products
Savita Farooqui, Symsoft Solutions
Lori Kammerer, Small Business California
Lee Cunningham, Bay Tank and Boilerworks (via telecon)
Marty Keller, Disabled Veterans Alliance (via telecon)
Paul Guerrero, Law Offices of Paul Guerrero (via telecon)
Phil Vermeulen, Coalition of Small and Disabled Veteran Businesses (via telecon)
Ricardo Martinez, DGS
Angel Carrera, DGS
Tanya Little, DGS
Robert Ullrey, DGS
Chuck Deyoe, DGS
Eric Mandal, DGS**

Co-Chair Bircher suggested that the Council use the 2014 Small Business Council Strategic Plan Recommendations as the roadmap to track the status, progress and implementation of each recommendation. (Meeting minutes are in bold print below. Any motions taken are indicated with an asterisk *).

	Track	Recommendation	# of Votes	Action
1.	Program	Enforce Commercially Useful Function (CUF) compliance before during and after contract award (to make sure businesses are doing the work they state they perform).	11	Send broadcast bulletin – Assigned to Policy Track DGS Comments: Compliance documents are in the final stages of posting. CUF education and training is provided in the DGS CSB/DVBE training manual. Council Comments: Several issues of concern pertaining to CUF compliance were noted. There is still a problem with small businesses

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				<p>who act as pass-throughs for larger businesses. These companies don't write the checks or pay the bills. Tougher enforcement is needed by DGS.</p> <p>Lee raised the concern about 2-party checks paid by one company to another. This can lead to fraud and is very difficult to track whether the businesses are passthroughs.</p>
2.	Policy	Every department needs to adopt an SB/DVBE First Policy customized for their department.	10	<p>Barbara Vohryzek, SB Advocate to facilitate through Go-BIZ</p> <p>DGS Comments: Ricardo said that DGS is encouraging the use of CSB and DVBE companies after all protocols have been met, i.e., after surplus, PIA, and other mandatory contract obligations are met according to DGS policies.</p> <p>Council Comments: All agreed that the behavioral and cultural changes need to begin from the top down.</p>
3.	Legislative	Raise the dollar amount on incentive caps (current cap is \$50K or \$100K.	10	<p>Council Comments: This has been attempted</p>

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				through legislation over the past 2 years with the legislation being placed on the Suspense File. There was discussion to run another bill in 2015.
4.	Legislative	Make local government's apply state SB/DVBE rules when doing projects with state money.	8	Clarified to only be mandated to state issued grants going to local governments Council Comments: None
5.	Legislative	Consider 'set asides' for SBs/DVBEs.	8	Council Comments: The Council recommended that accountability should be measured.
6.	Policy	Increase SB/DVBE in phases - 25% floor - increase to 50% within three years. DVBE 3% to 6%.	6	Change SB participation from 25% to 30% rather than 50% Council Comments: After much discussion, the Council recommended that we run a bill in 2015 to mandate the 25% participation. We start with the goal first and then can change to a mandate down the road.
7.	Program	Advocates need: top-down support; dedicated advocate; advocate reports to executive management or Director; advocate boot camp; and hire for the position – people person.	4	DGS Comments: Angel noted that he has asked for dollars to be put in the budget for the DGS Advocate.
8.	Policy	State departments need adequate IT support to capture, track and report microbusinesses,	3	Council Comments: Discussion on how to

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		SB/DVBE numbers.		<p>assess the amount of CSBs and DVBEs who are being awarded state contracts. When the CSB is selected, DGS can track what was awarded and what was spent.</p> <p>DGS Comments: This was requested by Tanya. She noted that FISCAL will be able to track this information.</p>
9.	Policy	Improve access between all parties (advocate, buyer, vendor).	3	<p>Council Comments: We need to improve the access between the advocate, buyer and vendor by facilitating meetings with all three.</p>
10.	Legislative	Change language from "goal" to "requirement," 25% of all state contract dollars are to be awarded to SB/DVBE.	2	<p>Council Comments: After much discussion with #6 on the agenda, the Council recommended that we run a bill in 2015 to mandate the 25% participation. We start with the goal first and then can change to a mandate down the road. It was noted that construction, non-IT Services and Health Services have not met the 25% goal. Jerry and Marty suggested that we contact Stan DiOrio, as he has a strong interest in this bill. Lori suggested that the Council meet with Senator De Leon and his staff to see if there is any interest</p>

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				in the Senator working with us on the bill.
11.	Policy	A coordinated / collaborative DGS SB/DVBE Council or similar type group needs to have more power, more collaboration among stakeholders (advocates, businesses, state departments, SMEs).	2	<p>Council Comments: Marty suggested that we meet with EDD, Cal Trans, Cal Vet and other agencies and advocate groups to begin a dialog in forming a better collaborative communication effort. *A motion was made by Jerry to contact Jim Butler and ask him to contact Keith Boylan and others to meet with the SB Council and agencies this year. The motion was seconded by Lori and passed unanimously.</p>
12.	Program	Solicitations à unbundle all commodities out of large multi-faceted contracts.	2	<p>DGS Comments: Currently, most of the large contracts have been unbundled.</p> <p>Council Comments: Jerry indicated that there are contracts that are not being unbundled to support SB/DVBE's. DGS needs to set a specific standard/criteria for the number of certified SBs/DVBEs to unbundle contracts. If the certified SB/DVBE criteria is met, a review of the contract would be performed to verify that unbundling was warranted. If</p>

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				unbundling is warranted, but not done, at minimum, an off-ramp would be provided. The Council would like to be at the table when the criteria is discussed and established.
13.	Policy	Bring non-executive agencies to contribute to meet SB/DVBE goals (UC, Lottery, Courts, PERS, CPUC, Budget, CSUs).	2	DGS Comments: Chuck noted that he is checking with the Regents to see if the CSUs are meeting their goals and will report his findings to the Council.
14.		Reduce of pull delegation when departments continue to fail to meet their goals, and when departments demonstrate a pattern of deficiency.	2	Council Comments: The Council with continue work with DGS in monitoring this issue.
15.	Legislative	Recommend that the State establish a credit arm to assist SB/DVBE with surety and bonding for state contracts.	1	Council Comments: The Council will continue to work with DGS in monitoring this issue.
16.		Establish metrics/benchmarks.	1	Council Comments: The Council agreed this is a non-issue.
17.		Non-compete agreement enforcement.	1	Council Comments: The Council agreed this is a non-issue.
18.		Legislative change to the SB/ DVBE option- to add microbusiness (MB).	1	Council Comments: The Council agreed this is a non-issue.
19.		Develop consistency on how agencies are reporting.	1	DGS Comments: DGS is having a hard time reporting. All agreed that they would develop some recommendations on how to better track the reporting of agencies' goal status.

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20.	Legislative	Pay SB/DVBE even when there's no budget; continuous appropriation; establish timeline for primes to pay subs and re-raise prompt payment penalty (omnibus SB/DVBE bill).	0	Council Comments: The Council agreed this is a non-issue.
21.		Policy explaining what 'deficiency' means	0	Council Comments: The Council agreed this is a non-issue.
22.		\$7500 limit on Calcard.	0	Council Comments: The Council agreed this is a non-issue.
23.		Increase California Multiple Award Schedule limit of 500k to 1.5 million.	1	DGS Comments: Chuck will research if this is an exemption. Council Comments: Savita corrected the "# of Votes" indicating the correct number of votes should be "1" as she voted for agenda item #23. This has been corrected in the minutes of the meeting.
24.		Every department should establish an SB/ DVBE First Policy.	0	DGS Comments: DGS staff agreed that this is currently being implemented. Council Comments: All agreed and will continue to monitor.
25.		Add to performance appraisal- departments must meet SB/ DVBE goals.	0	DGS Comments: DGS staff agreed that this is currently being implemented. Council Comments: All agreed and will continue to monitor.
26.		Provide advocates a 'best practices' lifeline.	0	DGS Comments: DGS staff agreed that this

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				is currently being implemented. Council Comments: All agreed and will continue to monitor.
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